

CHANGE IN PURPOSE OF USE

7. (a) The parties anticipate that, during the term of this Settlement Contract, a gradual change in the purpose of use of water will occur within the place of water use shown in Exhibit B from predominantly agricultural purposes to a mixture of municipal and industrial, wildlife habitat and agricultural purposes, and the parties agree to work cooperatively to accommodate and facilitate such change. Base Supply and Project Water furnished to the Contractor pursuant to this Settlement Contract may be delivered or furnished by the Contractor for agricultural or municipal and industrial purposes: Provided, however, that the Contractor shall not deliver or furnish Base Supply or Project Water for municipal and industrial purposes outside those areas delineated on Exhibit B, as approved for such purposes by the Contracting Officer, without the written consent of the Contracting Officer. Such consent will not be unreasonably withheld and a decision will be provided in a timely manner following completion of any environmental review required under applicable law. For purposes of this Settlement Contract, “agricultural purposes” includes, but is not restricted to, the irrigation of crops, the watering of livestock, incidental domestic use including related landscape irrigation, or underground water replenishment; and “municipal and industrial purposes” includes, but is not limited to, the watering of landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment or water delivered to landholdings operated in units of less than 5 acres unless the Contractor establishes to the

satisfaction of the Contracting Officer that the use of Project Water is for agricultural purposes